

OPERATING CONTRACT

This contract is made and entered into this ____ day of _____, 20____ by and between _____ herein referred to as the "operator" and _____ a municipality or qualified organization permitted to conduct gaming activities under AS 05.15, herein referred to as the "permittee".

WITNESSETH

1. Operator's License

The operator holds a current Operator's License, number OL _____, issued by the Alaska Department of Revenue on the ____ day of _____, 20____ under the provisions of AS 05.15 and regulations adopted under this chapter.

2. Operator's Bond

The operator has posted a bond or security with the State of Alaska in the amount of \$_____ under the provisions of AS 05.15.122(b)(5), AS 05.15.167 and regulations adopted under this chapter.

3. Operator's Liability Insurance

In conformity with AS 05.15.122(b)(4) and regulations adopted under this chapter, operator has obtained liability insurance for the following gaming locations, items, and minimum coverages:

(attach additional sheets if necessary)

Should the liability insurance be cancelled for any reason, the operator shall immediately notify the State of Alaska, Department of Revenue, Tax Division, Gaming Group and the permittee of such cancellation. In the event of cancellation, the permittee reserves the right to terminate the contract under section 17 of this contract.

4. Gaming Permit

The permittee holds a current permit, number _____, issued by the Alaska Department of Revenue on the ____ day of _____, 20____ under the provisions of AS 05.15 and regulations adopted under this chapter.

5. Member in Charge

The permittee has designated _____, whose address is _____, a bona fide member of _____, since _____, as primary member in charge of gaming, and is duly authorized to sign this contract with the operator referenced in paragraph 1. The permittee has designated _____, whose address is _____, a bona fide member of _____, since _____, as alternate member in charge of gaming. Both the primary and alternate members in charge have passed the test required by AS 05.15.112.

6. Gaming Activities to be Conducted

The operator shall conduct the following activities on behalf of the permittee, at the following locations:

Activities	Location
_____	_____
_____	_____
_____	_____
_____	_____

(attach addendum with additional activities and/or locations)

7. Operator Duties

The operator shall pay on behalf of the permittee all bona fide, necessary, and reasonable game-related expense in the operation of the gaming activities, including:

\$_____ per _____ for rental of _____ facility,
\$_____ per _____ for rental of _____ facility,
\$_____ per _____ for rental of _____ facility,
\$_____ per _____ for rental of _____ facility,
\$_____ per _____ for rental of _____ facility,
and
\$_____ per _____ for rental of _____ equipment at _____ facility,
\$_____ per _____ for rental of _____ equipment at _____ facility,
\$_____ per _____ for rental of _____ equipment at _____ facility,
\$_____ per _____ for rental of _____ equipment at _____ facility,
\$_____ per _____ for rental of _____ equipment at _____ facility.

All expenses shall be itemized by the operator in its reports to the permittee, the operator's quarterly reports, and annual reports to the department and the permittee. Authorized expenses are those defined in AS 05.15.160 and regulations adopted under this chapter. The operator shall be liable for all unauthorized expenses. Authorized expenses shall not exceed the limitations defined under AS 05.15.160(c) and AS 05.15.160(d). The operator shall make no claim to the net income stream from any gaming activity. *(Attach additional sheets as necessary)*

8. Operator's Management Fee

The permittee shall pay the operator a fixed management fee of \$_____per _____. This management fee may not be adjusted or connected to the receipts of the gaming activity. AS 05.15.160(a)(2)(B).

9. Payment of Net Proceeds

The operator shall pay net proceeds to the permittee each month by check in compliance with AS 05.15.087(a).

10. Monitoring of Gaming Activities

As required by AS 05.15.112(c), the permittee's member(s) in charge agrees to monitor the gaming activities being conducted on the permittee's behalf by the operator to ensure compliance with the provisions of AS 05.15 and regulations adopted under this chapter. Nothing in this contract relieves the operator from the obligation to conduct the activities agreed to in this contract in compliance with AS 05.15 and regulations adopted under this chapter. The party who first becomes aware of a violation of AS 05.15 or regulations adopted thereunder shall notify the other party and the department of the violation. Both parties agree to work together to rectify any violations of law or regulations.

11. Permittee Prize Limitations

In accordance with the prize limitations under AS 05.15 and regulations adopted under this chapter, the permittee agrees to inform the operator when its prize limitations are met. Upon receipt of such notice, operator agrees to cease all gaming activities on behalf of the permittee for the remainder of the permit year. The operator agrees to notify the permittee when it becomes apparent that the annual prize limitations referenced above are about to be met or are met and agrees to cease all gaming activities on behalf of the permittee for the remainder of the permit year.

12. Ownership and Title to Gaming Items

The operator agrees that all gaming items, such as pull-tabs, bingo cards, pull-tab dispensers and containers, bingo ball-blowers, daubers, video equipment, cash registers, office supplies, food, beverages, fixed assets, furniture, vehicles, etc., purchased on the permittee's behalf from the permittee's funds shall become the property of the permittee at the time of purchase. Should this contract be terminated, all gaming items owned by the permittee shall be immediately returned to the permittee free from lien or other adverse interest. If the operator wishes to retain an item purchased on behalf of an authorizing permittee, the operator must pay the permittee for the permittee's interest in that item at the full market value at the time of contract termination.

13. Hold Harmless Clause

The operator agrees to indemnify and hold harmless the permittee, the permittee's members, volunteers, and employees from any loss or liability that results from negligence, misfeasance, or malfeasance of the operator or the operator's agents while acting for and on behalf of the permittee.

14. Books and Records

The operator and the permittee shall keep adequate books and records in accordance with AS 05.15 and regulations adopted under this chapter and shall account for all transactions in connection with the conduct of all contracted gaming activities. All such books and records, including supporting documentation, shall be open to inspection by either party or their authorized representatives during reasonable office hours.

15. Covenants

Both the permittee and operator agree to comply with all provisions of AS 05.15 and regulations adopted thereunder.

16. Term

The term of this contract is from _____, 20__ until _____, 20__.

17. Termination of Contract

This contract may be terminated by either party upon 30 days written notice. Should this contract be terminated prior to its expiration date, both the operator and the permittee shall inform the department immediately of the termination.

18. Time Element

Time is of the essence in all elements of this contract.

IN WITNESS THEREOF, the parties have signed this Operating Contract this _____ day of _____, 20__, in the city of _____, state of _____.

Operator

Primary Member in Charge

In the presence of :

Witness

Witness

This contract has been approved under the provisions of AS 05.15.115 and 15 AAC 160.220(d). Any amendments or addenda to the contract must be approved by the department prior to their implementation.

Approved by
Tax Division, Department of Revenue

Date